

MT LEGISLATIVE HISTORY

Chapter 535 1981

Bill H _____ S 352

Original bill & hist. ☒ C

H. Committee on Bus. & Ind.

S. Committee on Bus. & Ind.

Hearing Date(s) _____ C

Hearing Date(s) _____ C

3/10 _____ C

_____ C

3/12 _____ C

2/13 ☒ C

_____ C

_____ C

Date Out _____ C

2/13 ☒ C

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____

Report _____

TO TREATMENT AND RELEASE OF DEVELOPMENTALLY DISABLED AND MENTALLY ILL PERSONS.

FISCAL NOTE: REQUIRED

INTRODUCED AND REFERRED TO COMMITTEE ON PUBLIC HEALTH: 2/2

HEARING: 2/9

REPORT: 2/21, ADVERSE REPORT ADOPTED -- YEAS: 43; NAYS: 4

MOTION TO RECONSIDER AND PLACE ON 2ND READING:

2ND READING: 2/24, YEAS: 12; NAYS: 34

ON MOTION, INDEFINITELY POSTPONED: 2/24, YEAS: 35; NAYS: 7 --
KILLED

SB 349 -- BOYLAN, GALT, ELLERD, ET AL -- AMENDING 80-3-101 RELATING TO SEED POTATOES.

FISCAL NOTE: REQUIRED

INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE: 2/2

HEARING: 2/11

REPORT: 2/16, DO PASS AS AMENDED -- STATEMENT OF INTENT
ATTACHED

2ND READING: 2/18, AS AMENDED -- YEAS: 26; NAYS: 15

3RD READING: 2/20, YEAS: 41; NAYS: 9

TRANSMITTED TO HOUSE: 2/20

REFERRED TO COMMITTEE ON AGRICULTURE: 2/21

HEARING: 3/2

DIED IN COMMITTEE

SB 350 -- STIMATZ -- PROVIDING FOR DISTRIBUTION OF ADMINISTRATIVE EXPENSES OF THE PUBLIC EMPLOYEES' RETIREMENT DIVISION...

FISCAL NOTE: REQUIRED

INTRODUCED AND REFERRED TO COMMITTEE ON STATE
ADMINISTRATION: 2/2

HEARING: 2/9

REPORT: 2/9, DO PASS AS AMENDED

2ND READING: 2/11, DO PASS

3RD READING: 2/13, YEAS: 50

TRANSMITTED TO HOUSE: 2/13

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 2/14

HEARING: 3/13

REPORT: 3/13, BE CONCURRED IN

2ND READING: 3/21, YEAS: 81; NAYS: 9

3RD READING: 3/24, YEAS: 92; NAYS: 4

RETURNED TO SENATE: 3/24

TRANSMITTED TO GOVERNOR: 3/28/81

ACTION: 4/1, SIGNED

CHAPTER 235

SB 351 -- ETCHART, M. ANDERSON -- AMENDING 61-6-303 TO REMOVE MOTORCYCLES FROM EXEMPTION PROVISIONS OF MANDATORY LIABILITY.

INTRODUCED AND REFERRED TO COMMITTEE ON PUBLIC HEALTH: 2/2

HEARING: 2/9

REPORT: 2/19, ADVERSE REPORT ADOPTED -- YEAS: 38; NAYS: 10
-- KILLED

SB 352 -- BLAYLOCK, HIMSL, TOWE, ET AL -- INSURING THE AVAILABILITY OF LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES FOR THE CASE OF MENTAL ILLNESS.

INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS AND

INDUSTRY: 2/2
HEARING: 2/13
REPORT: 2/13, DO PASS AS AMENDED
2ND READING: 2/16, DO PASS
3RD READING: 2/18, YEAS: 49; NAYS: 0

TRANSMITTED TO HOUSE: 2/18
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 2/19
HEARING: 3/10
REPORT: 3/12, BE CONCURRED IN, AS AMENDED
2ND READING: 3/27, YEAS: 55; NAYS: 40
3RD READING: 3/31, YEAS: 55; NAYS: 42

RETURNED TO SENATE WITH AMENDMENTS: 3/31
2ND READING: 4/10, BE NOT CONCURRED
ON MOTION, 4/13, REFERRED TO CONFERENCE COMMITTEE.

JOINT CONFERENCE COMMITTEE REPORT NO. 1: 4/14

SENATE
2ND READING: 4/17, YEAS: 39; NAYS: 4
ON MOTION, 4/17, RULES SUSPENDED, PLACED ON 3RD READING
3RD READING: 4/17, YEAS: 49; NAYS: 0

HOUSE
2ND READING: 4/20, YEAS: 69; NAYS: 8
ON MOTION, 4/20, RULES SUSPENDED, PLACED ON 3RD READING
3RD READING: 4/20, YEAS: 84; NAYS: 10

TRANSMITTED TO GOVERNOR: 4/23/81
ACTION: 4/29, SIGNED
CHAPTER 535

SB 353 -- CONOVER, GRAHAM, ET AL -- PROVIDING THAT COUNTIES MAY AUCTION JUNK VEHICLES.

FISCAL NOTE: REQUIRED
INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/2
HEARING: 2/12; 12:30 PM
REPORT: 2/16, DO PASS
2ND READING: 2/18, DO PASS
3RD READING: 2/20, YEAS: 49; NAYS: 1

TRANSMITTED TO HOUSE: 2/20
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/21
HEARING: 3/12
REPORT: BE NOT CONCURRED IN, 3/21
REPORT: ADOPTED, 3/25
BILL KILLED: 3/25 YEAS: 74; NAYS: 20

SB 354 -- S. BROWN, HIMSL -- ABOLISHING THE BOARD OF ATHLETICS.
INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/3
HEARING: 2/12; 12:30 PM
REPORT: 2/20, DO PASS
2ND READING: 2/23, DO PASS
3RD READING: 2/25, YEAS: 43; NAYS: 5

TRANSMITTED TO HOUSE: 2/25
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 3/3
HEARING: 3/6
REPORT: 3/6, BE CONCURRED IN
2ND READING: 3/9, ON MOTION, PASSED FOR THE DAY.

SENATE BILL NO. 352

INTRODUCED BY BLAYLOCK, HIMSL, TOWE, TURNAGE, ECK, McCALLUM
BY REQUEST OF THE INSURANCE DEPARTMENT

IN THE SENATE

February 2, 1981	Introduced and referred to Committee on Business and Industry.
February 5, 1981	Fiscal note requested.
February 9, 1981	Fiscal note returned.
February 13, 1981	Committee recommend bill do pass as amended. Report adopted.
February 14, 1981	Bill printed and placed on members' desks.
February 16, 1981	Second reading, do pass.
February 17, 1981	Correctly engrossed.
February 18, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 19, 1981	Introduced and referred to Committee on Business and Industry.
March 13, 1981	Committee recommend bill be concurred in as amended. Report adopted.
March 20, 1981	Motion pass consideration until the 65th legislative day.

March 27, 1961

Second reading, concurred in.

March 30, 1961

On motion rules suspended
and bill allowed to be
transmitted on the 71st
legislative day. Motion
adopted.

March 31, 1961

Third reading, concurred in
as amended. Ayes, 55; Noes, 42.

IN THE SENATE

April 1, 1961

Returned from House with
amendments.

April 10, 1961

Second reading, amendments
not concurred in.

April 11, 1961

On motion Conference Committee
requested and appointed.

April 15, 1961

Conference Committee reported.

April 17, 1961

Second reading, Conference
Committee report adopted.

Third reading, Conference
Committee report adopted.
Ayes, 47; Noes, 0. Trans-
mitted to House.

IN THE HOUSE

April 21, 1961

Conference Committee report
adopted.

IN THE SENATE

April 22, 1961

Returned from House. Sent
to enrolling.

Reported correctly enrolled.

1 *Amended* BILL NO. *352*
 2 INTRODUCED BY *Stacylock*
 3 *etc* BY REQUEST OF THE INSURANCE DEPARTMENT
 4 *M. Sullivan* —

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INSURE THE
 6 AVAILABILITY OF BASIC LEVELS OF BENEFITS UNDER DISABILITY
 7 INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT
 8 OF MENTAL ILLNESS; AMENDING SECTIONS 33-22-701 THROUGH
 9 33-22-704, MCA."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 33-22-701, MCA, is amended to read:

13 "33-22-701. Purpose. The purpose of this part is to
 14 encourage consumers to avail themselves of basic levels of
 15 benefits under health insurance policies and contracts for
 16 the care and treatment of mental illness, alcoholism, and
 17 drug addiction and to preserve the rights of the consumer to
 18 select such coverage according to his medical and economic
 19 needs."

20 Section 2. Section 33-22-702, MCA, is amended to read:

21 "33-22-702. Definitions. For purposes of this part,
 22 the following definitions apply:

23 (1) "Inpatient hospital benefits" means benefits
 24 payable for charges made by a hospital, as defined in the
 25 policy or contract, for the necessary care and treatment of

1 mental illness, alcoholism, or drug addiction furnished to a
 2 covered person while confined as a hospital inpatient and,
 3 with respect to major medical policies or contracts, also
 4 includes those benefits payable for charges made by a
 5 physician, as defined in the policy or contract, for the
 6 necessary care and treatment of mental illness, alcoholism,
 7 or drug addiction furnished to a covered person while
 8 confined as a hospital inpatient.

9 (2) "Outpatient benefits" means benefits payable for:

10 (a) reasonable charges made by a hospital for the
 11 necessary care and treatment of mental illness, alcoholism,
 12 or drug addiction furnished to a covered person while not
 13 confined as a hospital inpatient;

14 (b) reasonable charges for services rendered or
 15 prescribed by a physician for the necessary care and
 16 treatment for mental illness, alcoholism, or drug addiction
 17 furnished to a covered person while not confined as a
 18 hospital inpatient; and

19 (c) reasonable charges made by ~~on a~~ mental illness,
 20 alcoholism, or drug addiction treatment center for the
 21 necessary care and treatment of a covered person provided in
 22 the treatment center.

23 (3) "Alcoholism treatment center" and "drug addiction
 24 treatment center" mean a treatment facility which provides a
 25 program for the treatment of alcoholism or drug addiction

1 pursuant to a written treatment plan approved and monitored
2 by a physician, and which facility is also:

3 (a) affiliated with a hospital under a contractual
4 agreement with an established system for patient referral;
5 or

6 (b) licensed, certified, or approved as an alcoholism
7 or drug addiction treatment center by the state.

8 ~~(4) "Mental health treatment center" means a treatment~~
9 ~~facility organized to provide care and treatment for mental~~
10 ~~illness through multiple modalities or techniques pursuant~~
11 ~~to a written treatment plan approved and monitored by an~~
12 ~~interdisciplinary team, including a licensed physician,~~
13 ~~psychiatric social worker, and psychologist, and which~~
14 ~~facility is also:~~

15 ~~(a) licensed as a mental health treatment center by~~
16 ~~the state;~~

17 ~~(b) funded or eligible for funding under federal or~~
18 ~~state law; or~~

19 ~~(c) affiliated with a hospital under a contractual~~
20 ~~agreement with an established system for patient referral.~~

21 ~~(5) "Mental illness" means neurosis, psychoneurosis,~~
22 ~~psychopathy, psychosis, or personality disorder."~~

23 Section 3. Section 33-22-703, MCA, is amended to read:

24 "33-22-703. Availability of coverage for mental
25 illness, alcoholism, and drug addiction. Insurers and health

1 service corporations transacting health insurance in this
2 state must make available under hospital and medical
3 expenses incurred insurance policies and under hospital and
4 medical service plan contracts the level of benefit
5 specified in this section for the necessary care and
6 treatment of ~~mental illness~~, alcoholism, and drug addiction
7 subject to the right of the applicant for a group or
8 individual policy or contract to reject the coverage or to
9 select any alternative level of benefits as may be offered
10 by the insurer or service plan corporation.

11 (1) Under basic hospital expense policies or
12 contracts, inpatient hospital benefits consisting of
13 durational limits, dollar limits, deductibles, and
14 coinsurance factors that are not less favorable than for
15 physical illness generally, except that benefits may be
16 limited to not less than 30 calendar days per year as
17 defined in the policy or contract.

18 (2) Under major medical policies or contracts,
19 inpatient hospital benefits and outpatient benefits
20 consisting of durational limits, dollar limits, deductibles,
21 and coinsurance factors that are not less favorable than for
22 physical illness generally, except that:

23 (a) inpatient hospital benefits may be limited to 30
24 calendar days per year as defined in the policy or contract.
25 If inpatient hospital benefits are provided beyond 30

1 calendar days per year, the durational limits, dollar
2 limits, deductibles, and coinsurance factors applicable
3 thereto need not be the same as applicable to physical
4 illness generally.

5 (b) for outpatient benefits, the coinsurance factor
6 may not exceed 50% or the coinsurance factor applicable for
7 physical illness generally, whichever is greater, and the
8 maximum benefit for ~~mental illness~~, alcoholism, and drug
9 addiction in the aggregate during any applicable benefit
10 period may be limited to not less than \$1,000.

11 (c) Maximum lifetime benefits may, for ~~mental illness~~,
12 alcoholism, and drug addiction in the aggregate, be no less
13 than an amount equal to the lesser of \$10,000 or 25% of the
14 lifetime policy limit."

15 Section 4. Section 33-22-704, MCA, is amended to read:

16 "33-22-704. Applicability. ~~(1) Except as provided in~~
17 ~~subsection (2) this~~ ~~this~~ part applies to policies or
18 contracts delivered or issued for delivery in this state
19 more than 120 days after July 1, 1979, but does not apply to
20 blanket, short term travel, accident only, limited or
21 specified disease, individual conversion policies or
22 contracts, or to policies or contracts designed for issuance
23 to persons eligible for coverage under Title XVIII of the
24 Social Security Act, known as medicare, or any other similar
25 coverage under state or federal governmental plans.

1

2

3

4

5

~~(2) With respect to mental illness, this part applies~~
~~to policies or contracts delivered or issued for delivery in~~
~~this state after 120 days after the effective date of this~~
~~act.~~"

-End-

SB 352

FORTY-SEVENTH LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND INDUSTRY

SENATE BILLS

<u>Senate</u> BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
338	1/30	2/13	2/13			2/13			
352	2/2	2/13	2/13			2/13			
357	2/3	2/13	TABLED						
370	2/5	2/16	2/19			2/19			
380	2/6	2/16	2/19	2/19					
386	2/7	2/20	2/20	2/20					
387	2/7	2/20	2/20	2/20					
420	2/11	2/20	2/20	2/20					
421	2/11	2/20	2/20	2/20					
444	2/13	2/20	TABLED						
445	2/13	2/20	2/20	2/20					

Use a separate sheet for Senate, House Bills, and Resolutions.

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 13, 1981

The meeting of the Business and Industry Committee was called to order by Chairman Frank W. Hazelbaker on February 13, 1981, at 10:00 a.m. in Room 404.

All Committee members were present.

Senator Hazelbaker presented Senator Keating who introduced Senate Bill 338 which would allow restaurants to sell beer or wine for off-premises consumption. He explained that the Department of Revenue prepared the Amendment which is attached. He said that this Amendment would delete the error and add language to accomplish the purpose of the Bill. Senator Keating advised that several years ago the Legislature made it possible for a beer licensee to apply for an Amendment to the Beer License which would allow the consumption of wine on the premises if it were a supplementary to a restaurant or a food business. He explained that there are about 233 of these establishments in the State; many of which deal in specialty wines and beers. He said that they usually carry wines which are not offered in the grocery stores, but they are not permitted to sell these wines off the premises. Senator Keating advised that if this Bill is amended and passed, it will allow the restaurant operators to sell the wine for off-premise use.

PROPOSERS:

Bob Durkee, representing the Montana Tavern Association, urged the adoption of the Amendment.

OPPOSERS:

None.

Senator Blaylock moved the Amendment to Senate Bill 338, which passed unanimously. Senator Blaylock moved that Senate Bill 338 be given a "Do Pass" with the amendments - Motion passed.

Senator Blaylock presented Senate Bill 352, which he explained makes possible the inclusion of Mental Illness in the coverage of disability insurance. This will provide for the availability of benefits for treating mental illness. In winding up his presentation, Senator Blaylock said that this has long been needed in Montana, and it is as serious, if not more serious, than physical illness. He concluded with the comment that passage of this Bill would be a great benefit to the people of this state.

2--February 13, 1981

PROPOSERS:

Jo Driscoll representing the Department of Insurance, said that they concur in this. She advised that they had assisted in the writing of the Bill, and she further advised that two years ago a Bill was passed for availability of coverage on Alcoholism. She explained that this is similar to the type of coverage for Mental Illness. She said that it was not mandated that you buy this. In conclusion she stated that the Department of Insurance supports this Bill.

Randy Cline appeared on behalf of Blue Shield and he said that both Blue Cross and Blue Shield currently offer this type of coverage for Mental Illness.

Jim Peterson appeared on behalf of the Eastern Community Mental Health Center. He stated that they support this Bill. He said that they would encourage the use of out-of-the-hospital coverage. He advised that current insurance premiums, when available, have options for providing in-patient care. He said that this type of treatment should be a matter of choice. He added that it is a myth that covering Mental Health services would cause insurance premiums to soar, as this type of coverage would result in a decrease of 30% in the actual outlay of costs. To support this statement he cited the Kayser Aluminum Foundation. He said that he wrote to 20 states which currently have such legislation, asking them about premium cost experiences in the states and availability of the programs, and in all but one state, acceptance of these premiums was high, with the payment increase ranging from no-cost to a high of \$3.00 per month in Minnesota. He added that New York has a premium of \$2.70 per month for a family with no restrictions. Harold Gerke then spoke on behalf of the Bill, representing the Community Mental Health Center Boards, and he said that they support the Bill. In conclusion he urged "Do Pass".

Jan Brown stated that she is a volunteer with the Mental Health Association, and she said that she is in favor of this Bill.

The next Proponent was Dick Baumberger, representing the Alcoholism Programs of Montana, said that they are not in opposition. However, they are in favor of the provision for Mental Illness being separate from that of Alcoholism. They are afraid that this might present a problem in regard to the coverage for Alcoholism, and they would like to have this amended.

OPPOSERS:

None.

QUESTIONS FROM THE COMMITTEE:

Senator Kolstad asked Mr. Gerke if he has any objections to this Amendment, and Mr. Gerke said that he does not. He said that the Bill was prepared by the Legislative Council, and he does not feel that this will affect another program.

Senator Goodover said that he feels that the alcohol program,

3--February 13, 1981

together with the Mental Health Program, could be a detriment to one or the other, and he would like them separate.

Senator Lee stated that he agrees with Senator Goodover. He said that he would like the Staff Attorney to take a look at this, and Senator Hazelbaker asked the Staff Attorney to handle this question. He asked if the Bill could be amended, or if it requires a separate Bill, and the Staff Attorney said that it would be necessary to re-write the entire Bill under this title. He said that there is no problem with doing this. All that this Bill does is to make this coverage available, so he questioned the need for doing this.

Jo Driscoll said that all that they were trying to do was to save another three or four pages of the Law, but she understands his position. She said that they could add any changes, but they could also add another section. The Staff Attorney said that re-drafting the Bill would entail using the same legislation. He said that they would just use the words "mental illness" and not change words.

Senator Hazelbaker said that if this Bill were to pass, could it be readily amended, and the Staff Attorney said that it could be done at some future date.

The Hearing was then closed on this Bill. Senator Hazelbaker said that they would further discuss this with the Staff Attorney.

Senator Hazelbaker stated that Senate Bills 301 and 147 were drafted to accomplish the same thing. He said that possibly the Committee could amend Senate Bill 301 to take care of the problem, or at least it would be easier to take care of. Senate Bill 301 is prepared with approved Amendments. The Staff Attorney read the Bill with the adopted Amendments, and he said that the Consumer Council and Mr. Hughes had a meeting regarding this, and the only thing that is not yet done is setting a rate of interest on rebates.

Senator Lee asked if the Prime Rate had been lowered, and the Staff Attorney replied that at some point in time he is sure that it was, but since inflation the Prime Rate has always been substantially higher.

Senator Lee moved to accept the Amendment which allows for the percentage of return to the consumer in the event that they were overcharged equivalent to the rate of return on equity granted at the last rate case. The rate of return on equity granted by the Public Service Commission seems to be a fair rate of return; if not, the Public Service Commission should be more carefully checked.

The Staff Attorney advised that the position of the Consumer Council on this is still to use the Prime Rate. He said that you

4--February 13, 1981

will insure that utilities are not financing their operation on consumers money. He advised that the rate of return on equity is around 13%, and that this would be a rate discouraging rebates according to the utilities. He added that this is a protective provision.

Senator Goodover asked, if we adopt this wording, then in two years we could address it again?

The Staff Attorney replied that the actual cost of processing the rebate would be an additional five to seven percent, and the consumers would only get the 13%.

It is moved by Senator Lee that the Committee accept the Amendments as given, and the Amendments were unanimously adopted.

In regard to Senate Bill 301, Senator Kolstad moved that this Bill be given a "Do Pass". Senators Blaylock, Lee, Hazelbaker and Goodover voted "yes, as amended", and Senator Kolstad voted "no". The Bill was "Do Pass as Amended".

Senator Hazelbaker then introduced Senator Towe, who introduced Senate Bill 357. This Bill is in regard to a small business investment corporation. It would authorize the investment by the State of Montana in stock of a small business investment corporation. This is a creation of the Small Business Administration of the Congress, which is a part of the Law governing small business administrations. This is in regard to high-risk companies that have authorized the match on a Federal level on a four-to-one basis, investment of a small business investment corporation, which is a small company, as opposed to a large company, and this is a profit-making company. This is supposed to avoid setting up a number of Federal agencies, and the Government will lend them the money to set up the investment companies. This will attract people - those on the Board of Directors, for a start, and then others who have money and experience, and who can invest their money. This is to keep the Government as far away as possible by making the State more responsible for this type of thing, although in the beginning the Government will lend the money to get this business started. This is to help a company, usually an existing company, but it may be a new company, which wants to expand or to go into a new business. This will serve their need if they can either sell stock in the public market or get some form of financing; this is to cover the interim period. Sometimes this is served by giving the investors capitol stock. They have failure, but they also have successes. The purpose of this Bill is whether or not the State can help. Senator Towe said that he doesn't know if there are enough people in the State of Montana to invest in this to get it started. Representative Fabrega has a Bill in the House which would give anyone who invests in this a tax credit of 50% of the investment.

5--February 13, 1981

He wants to set up 11 of these in the State. He said that he thinks that this would be hard in Montana because Montana is not one of the wealthy states. It would, however, require that if the company makes it big, and starts paying dividends, that it will pay to the Preferred Stockholders interest in the rate of six percent. The preferred stock would extinguish, and the State would be out of this. He said that there are problems in this. Our Constitution is very limited in this regard. The Constitution says that you cannot invest State money in stock of a private company. There is another Bill in the House which provides for this in a Constitutional Provision. That Bill passed the House 98-0; it needs two signatures, that of Senator Blaylock and that of Senator Towe himself. The other problem is that our Constitution says that all investments must be under a unified investment program. John Hollow drafted the Bill, which is such that it is set up as an investment fund, which is new, and which would fit into the proposed Constitutional Amendment. He suggested an amendment for the purpose of promoting and assisting economic development in Montana.

He said that he had talked with John Lopach yesterday, and he feels that there is a good possibility that they could do this without having to go to stocks. He also said that he had talked with one of the officers of the Small Business Administration yesterday. Senator Towe advised that a person can apply for a Grant; you can repay the Grant on the condition that it is sub-bonded to any Federal interest.

Senator Towe suggested the addition of Section 2 - Authority to Make Grants. He is preparing a handout for the use of the Committee, the language of which will make it possible for the Committee to go ahead and not wait for the prevailing stock to be invested right away.

PROPONENTS:

Jack Hill, Executive Director of the Great Falls Economic Growth Council, appeared on behalf of the Bill. He stated that this is a private, not a public, institution. He said that he was notified as to this Bill and asked to appear to make several observations regarding this type of assistance, and to give his opinion on it. Mr. Hill said that the minimum capitalization that an SBIC can have is \$500,000, and there will be language introduced in the House of Representatives to try to structure this initial corporation. He advised that the City of Great Falls has had \$750,000 given to it by the Anaconda Copper Mining Company to start this type of a program. He added that they will try to raise \$750,000, which will be matched by the Federal Government; the interest rate on this will be 12%, which is considerably less than the Federal rate. Mr. Hill said that other parts of the state have difficulty in raising this type of money, but still have a real need to provide the type of assistance which this type of investment would provide. He said that there may be four or five

6--February 13, 1981

types of SBICs which could be established without assistance. He explained that there will one in Great Falls, one in Billings, possibly one in Missoula and possibly one in Butte. There is a need for this type of thing in this state, advised Mr. Hill. He said that a survey of state banks showed that they have had to turn down many loans because the borrower did not have sufficient equity to invest in this. There is a need for interim assistance. He advised that in Great Falls they have a company which had gotten to the point where they needed some sort of bridge financing to make the step of a public offering. In this case, the money had to come from a large bank in Chicago. Senator Towe stated at this point that he would like to see this kind of assistance made possible in our own state.

Senator Goodover commented that he may join forces with Representative Fabrega on this Bill. He said that he feels that there are a lot of people in Montana who are looking for investment potentials, and this Bill lends itself to this type of thing.

Senator Towe commented that he plans to sign Representative Fabrega's Bill too.

Senator Towe commented that he cannot introduce an appropriation measure in the Senate. It is contemplated that they would be funded by an appropriation. He wants to get this on the books, and if Representative Fabrega's Bill works, we can see what kind of funding will be available in the next Session. Senator Towe said that he feels that this could be funded from income on the Coal Tax. Representative Nordtvedt's Bill is a Constitutional Amendment which would change the Constitution to allow us to invest in private stocks. Otherwise they cannot invest in common stocks or preferred stocks. This is separate from Representative Fabrega's Bill. He explained that these two Bills take two separate approaches. Once these are created, there is a four-to-one match of available Federal money.

Senator Hazelbaker asked if we need the Constitutional Amendment before changing can be accepted, and Senator Towe replied that the Amendment's already in the House.

Senator Lee asked Senator Towe how many SBIC's were you considering - four - 15? Senator Towe replied that Representative Fabrega's Bill provides for 11 SBICs throughout the State, and if the Bill passes, he thinks that there will be one in Great Falls and perhaps one in Billings. He said that with the money available he feels that they can have five of these in this state.

Senator Goodover commented that Representative Fabrega's Bill is for 11 - not to establish 11, but it starts it going, and the best potential to get this going is to allow any community which wishes to get involved with an SBIC to do so. This is the way to start this venture which will be for investors on a local

7--February 13, 1981

level; this is strictly for private enterprise.

Senator Lee commented that our initial concern is that this might be in conflict with The Prudentman Rule; this excludes them from having to obtain the highest rate of return. He said that we are talking about the implementation of Federal dollars at a rate of four to one, and he wonders if the State Board of Investments is going to address these types of issues.

Jim Howeth, representing the State Board of Investments, said that if money is leaving the state, money is also coming back into the state, in the form of return, and he questions that we actually have that money invested back East. He said that we have \$6,000,000 invested in Standard Oil in Indiana, and they own the corporation which operates Cypress Mines which has the world's top mining operation in Three Forks, Montana. They employ people in Montana. This is also true of Safeway, J. C. Penny, Exxon and Conoco. They employ people and pay taxes in Montana.

Senator Kolstad asked Mr. Howeth, what was your average rate of investments last year, and Mr. Howeth replied 12-15%.

At this time the Staff Attorney stated that Senator Towe has a separate Bill which will allow for investments in the State.

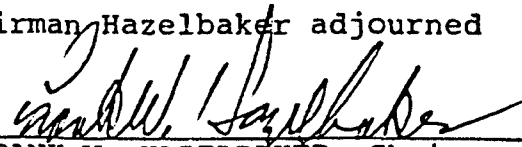
On Senate Bill 331, Senator Blaylock moved the Amendment, which was seconded by Senator Lee. Senator Kolstad moved the Bill as amended. Senate Bill 331 passed - 7 to 1 - Senator Regan opposed. (Senator Regan stated that we don't like the Bill any better than we did in the first place. You can't protect the consumer, but we don't have to encourage this type of legislation which brings this kind of insurance into the State. The insurance company doesn't have to get into the investment market and sell insurance - I DON'T LIKE IT!!! The Amendment to Senate Bill 331 removes sections from the Bill, which are placed in the Insurance Code.

Senate Bill 242 - Senator Dover moved the Amendments, and he moved the Bill as amended. Senate Bill 242 passed as amended, with Senators Dover, Goodover, Kolstad, Lee and Hazelbaker in favor, and Senators Regan, Blaylock and Boylan opposed.

On Senate Bill 352, Senator Blaylock moved the Amendment, page two, line 19 - change "illness" to "health" - Senate Bill 352 pass unanimously.

Senate Bill 301 passed: Senators Blaylock, Goodover, Lee and Hazelbaker in favor; Senator Kolstad opposed. Senators Regan, Dover and Boylan were absent; Senate Bill passed four to one.

There being no further business, Chairman Hazelbaker adjourned the meeting.


FRANK W. HAZELBAKER, Chairman

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date Feb 13

[illegible]

Each day attach to minutes.

Amendment to SB 352

1. Page 2, line 19.

Following: "mental"

Strike: "illness"

Insert: "health"

Bill Summaries

SB 324 raises to 35 the number of people in the state to whom a securities transaction may be offered in a period of 12 months and still be exempt from filing and registration requirements.

SB 338 would allow restaurants to sell beer or wine for off-premises consumption.

SB 352 includes mental illness in the coverage of disability insurance so as to provide for the availability of benefits for treating mental illness.

SB 357 would create an economic development fund and allow the board of investments to invest money from the fund in the preferred stock of small business investment corporations if the federal government provides matching funds.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 10, 1981

SUMMARY OF SENATE BILL 352 -

Introduced by Sen. Blaylock and others, assures that care and treatment of mental illness will be optional coverage under disability insurance policies and contracts. Under basic hospital expense policies or contracts, benefits may not be less than for physical illness generally except that inpatient benefits may be limited to 30 days per year. For outpatient benefits the coinsurance factor for physical illness and the maximum benefit may be limited to not less than \$1000 during any benefit period. Maximum lifetime benefits for mental illness, drug addiction and alcoholism in the aggregate may be no less than the smaller of \$10,000 or 25% of the lifetime policy limit. The provisions are applicable to policies delivered 120 days after the effective date of the act. Fiscal impact will be to increase reimbursements for the state hospital at Warm Springs by \$18,577 in 1982 and \$56,791 in 1983 and to increase private insurance revenues of Community Health Centers by \$66,044 in 1982 and \$201,549 in 1983.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

Rep. Jay Fabrega called the committee to order at 8:00 a.m., March 10, 1981, in room 129, Capitol Building, Helena. All members of the committee were present. Bills to be heard were SBs 2, 49, 242, 275, 333, 352.

SENATE BILL 2 -

SENATOR MATT HIMSL, District 9, Kalispell, sponsored SB 2 at the request of the Committee on Branching of Financial Institutions. It allows a credit union to open additional offices unless the Department of Business Regulation finds a compelling reason for disapproval. See his explanation in EXHIBIT A.

JEFFRY M. KIRKLAND, Montana Credit Unions League, supports SB 2. His very well explained testimony is shown in EXHIBIT B.

GENE RICE, Montana Credit Unions League, Helena, supports SB 2. He is chairman of the Credit Unions' League and Manager of the State Capitol Credit Unions' League in Helena. SB 2 addresses an inequity in the State Credit Unions Act. No section of the Act clearly spells out guidelines for credit union branching which could be a tremendous convenience for consumers. Branch offices are strictly limited to the number of public members there might be in its field of membership under its state charter. State Capitol Credit Unions are open to the State of Montana employees living or headquartered in 22 counties, and are very limited. Since some of the counties have only 20-30 employees, branching would not be practical. Establishment of a branch office in another community would be to better service that community. This would assist a credit union to establish a better relationship with its members. Credit unions tend to help each other by sharing office facilities. SB 2 clearly assists in retaining a branch office. This overview for your consideration is presented from a credit union's manager's viewpoint.

HAROLD GERKE, Montana Credit Unions League, strongly urged the committee's favorable consideration of this legislation. It has long been needed and long overdue, and hoped it will be recommended Do Pass.

LINDA BACHINI, Montana Credit Unions League intern, Bozeman, MSU, supports SB 2.

OPPONENTS: None

QUESTIONS -

Rep. Wallin said he knew of one credit union trying to sell its portfolio. Mr. Kirkland said sale of portfolios is a method of not having to pay off some funds and regulations are being looked at. This is not a normal situation.

Senator Himsl closed.

3/10/81

Page 8

Senator Anderson closed thanking the committee for the courtesy extended and for the support on the bill.

SENATE BILL 352 -

SENATOR CHET BLAYLOCK, District #35, Gallatin County, co-sponsor of SB 352, was introduced at the request of the Insurance Department. This act would require insurance policies and contracts include mental illness to be treated the same as other disabilities. The alcoholism people have some worries about this bill and they want to be allowed \$1,000 for mental illness and \$1,000 for alcoholism each. See EXHIBIT H, JO KASTE.

JO DRISCOLL advised this is a bill that they worked on in conjunction with Senator Blaylock and others, and they concur with him that they would have no objection to having \$1,000 for each. Had the bill been drafted in two sections, this would have been simplified.

DAVID BRIGGS, Executive Director of the Southwest Montana Mental Health Center, Helena, strongly supports SB 352. See his testimony EXHIBIT G.

JAN BROWN, Montana Mental Health Center, Boulder, is very much concerned with prevention. Supports the bill.

HAROLD GERKE, representing the Council of Montana Community Mental Health Center Boards, Inc., which has members all over the State of Montana, said They govern the mental health centers and represent them today and are in favor of this bill and hoped the committee favored the bill also.

OPPONENTS -

ALLEN CAIN, Blue Shield, said he is a cautious opponent. They saw no difficulty with the bill as it was in the Senate. It tied in with alcohol. He thinks the committee should be aware of the cost of this before moving on it. He wants to be aware of this before he supports it. Mandated benefits or offers of benefits should be approached legislatively carefully. This is an area of insurance coverage which is extremely expensive and difficult for people to afford. It can be priced beyond people's reach. Many insurance groups cost \$100 per month. He will get what the cost will be for such coverage back to the committee for their opinion.

RAY FISHER, Blue Cross, approaches this in the same manner as Mr. Cain. He wants to see in writing also, since the amendments have been added.

QUESTIONS -

Rep. Ellison supposed it is too soon for the cost of alcohol to be assessed. Mr. Cain advised it is very difficult to figure out exactly what the cost will be as it takes quite a bit of time. He would try to get their assessment of what that alcohol amendment will cost. It will be more difficult for mental illness because of dealing with a different group of figures.

Rep. Fabrega said the \$1,000 will be available either or. Mr. Cain said if you had a person that was dependent on alcohol use, there would be \$1,000 for alcoholism and another \$1,000 for mental health. The question is whether the addiction was the cause of the mental illness, and this would

3/10/81

Page 9

make it a separate \$1,000 rather than an aggregate benefit.

Senator Blaylock said the alcoholism people came to him and didn't want it combined. If you think the amendment should go in - do what the committee thinks is best. Copy of proposed amendment is EXHIBIT H-1.

EXECUTIVE SESSION -

Rep. Harper moved SENATE BILL 2 BE CONCURRED IN. This bill would allow state chartered credit unions to branch. Motion carried with Reps. Wallin and Adreaseon voting No - 17-2.

Rep. Robbins moved SENATE BILL 49 BE CONCURRED IN, and this motion carried unanimously.

Rep. Meyer moved SENATE BILL 275 BE CONCURRED IN. Motion carried unanimously.

Rep. Kitselman moved SENATE BILL 333 be recommended BE CONCURRED IN. Motion carried unanimously.

Senate Bill 239 was discussed and further amendments changing "service" charge to either "interest" or "finance" charge be considered.

Rep. Harper felt Senate Bill 241 cluttered the language in the code. The reseacher said Jo Driscoll thought this was a model bill and she didn't want it shortened. Rep. Bergene moved SENATE BILL 241 BE CONCURRED IN, and that the amendment to the Statement of Intent be accepted. Both motions carried with Rep. Jacobsen voting No.

Meeting adjourned at 10:45 a.m.

Jo Lahti
Jo Lahti, Secretary

W. J. Fabrega
REP. W. J. FABREGA, Chairman

TESTIMONY ON SB352

March 10, 1981

My name is Dave Briggs, and I am Executive Director of the Southwest Montana Mental Health Center.

I am in support of health insurance coverage of mental/emotional health problems. This coverage would encourage the use of out-of-hospital services which are less restrictive, less expensive, and less disruptive for the patient. Current insurance plans, when available, have incentives for providing the more expensive inpatient care, as they favor hospitalization over outpatient care. It would seem logical that the payment for mental health services should be based on the treatment of choice, rather than on the traditional inpatient model.

The most often cited reason used in support of limiting the benefits for the treatment of mental/emotional health problems is that including comprehensive mental health coverage causes premiums to soar; however, numerous studies have shown that the provision of treatment for mental/emotional problems can reduce other physical health costs. This is because a high percentage of visits to primary care physicians are made by patients who are found to have no organic basis for their complaints.

(1) A study conducted by Blue Cross of Western Pennsylvania shows that even when the cost of additional treatment for mental illness was factored in, the overall cost to the insurance carriers for all health care was reduced by 31 percent when the treatment of mental illness was reimbursed.

(2) The Kaiser Foundation Health Plan found that when mental health services were provided for people who had a variety of disorders with seemingly no organic basis, they utilized fewer medical dollars than those who did not have the mental health services.

There is no sound evidence for the exclusion of comprehensive mental health benefits from health insurance plans because of costs, but the benefits of such coverage are many.

I have only addressed the benefits associated with alcoholism and drug addiction. The benefits as they now stand are adequate. However, when benefits for mental illness are included in the same total amounts as our benefits, we end up with even less than we now have. Without the proposed amendment to separate the total dollar amounts, these three areas of diagnosis will be clustered together when insurance plans are negotiated.

Insurance carriers are much more resistant to the inclusion of mental health benefits than to alcohol and drugs. Their costs increase more with mental illness benefits, therefore, the consumer's premium costs will have to increase. Until now, the inclusion of alcohol and drug benefits has initiated a minimal, if any, premium raise. Without the separateness of mental illness benefits from alcohol and drug benefits (the inclusion of the amendment) we cannot support this bill.

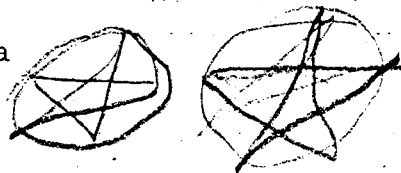
JK/MM/em
Attachment

TO: JAY FABREGA, Chairman
Business and Industry Committee

March 12, 1981

FROM: JO KASTE, Representing
Alcoholism Programs of Montana

SUBJECT: SENATE BILL 352



When this bill was introduced in 1979, the intent was to assure that Montanans are provided adequate insurance benefits for the treatment of alcoholism and drug addictions. This law has been a great boon to people suffering from these diseases. In the past two years insurance carriers have broadened their benefits in these areas; some carriers have even included these benefits at no additional premium cost in all plans. People are now being diagnosed correctly and getting appropriate treatment for problems of alcoholism and drug dependency.

Residential treatment for chemical dependency (which includes alcoholism and drug addiction) involves a 28 day stay at a facility approved by the Department of Institutions with a program including intensive individual therapy, group therapy and family counseling. The treatment plans are written by counselors and approved by a physician. Doctors and psychiatrists are available at all times, if needed. The cost of this residential treatment is between \$1570 at Galen and \$2632 at Francis Mahan Chemical Dependency Center in Glasgow. Due to different interpretations of the terms "inpatient" and "outpatient" care, some insurance carriers are still reimbursing for this residential treatment under the benefit limit of \$1000 for outpatient care as stated in line 10 of page 5. As you can see, this does not cover the costs involved in that residential care.

As an alcohol and drug treatment professional I must tell you that when an individual is released from residential care, it is very important that follow-up counseling be a part of the next few months. The re-entry period when that individual returns to family, friends and work and learns to relate to them in new ways --- including not drinking alcohol --- is an extremely difficult one. Without outpatient counseling at that time the chances of that person maintaining sobriety are much less. As you can see, these costs are not usually covered under the scope of this bill -- depending on how the insurance carrier defines inpatient and outpatient.

SENATE BILL NO. 352

INTRODUCED BY BLAYLOCK, HIMSL, TONE, TURNAGE, ECK, McCALLUM
BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO INSURE THE
AVAILABILITY OF BASIC LEVELS OF BENEFITS UNDER DISABILITY
INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT
OF MENTAL ILLNESS; AMENDING SECTIONS 33-22-701 THROUGH
33-22-704, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. Purpose. The purpose of this part is to
encourage consumers to avail themselves of basic levels of
benefits under health insurance policies and contracts for
the care and treatment of mental illness, alcoholism, and
drug addiction and to preserve the rights of the consumer to
select such coverage according to his medical and economic
needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part,
the following definitions apply:

(1) "Inpatient hospital benefits" means benefits
payable for charges made by a hospital, as defined in the
policy or contract, for the necessary care and treatment of

mental illness, alcoholism, or drug addiction furnished to a
covered person while confined as a hospital inpatient and,
with respect to major medical policies or contracts, also
includes those benefits payable for charges made by a
physician, as defined in the policy or contract, for the
necessary care and treatment of mental illness, alcoholism,
or drug addiction furnished to a covered person while
confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the
necessary care and treatment of mental illness, alcoholism,
or drug addiction furnished to a covered person while not
confined as a hospital inpatient;

(b) reasonable charges for services rendered or
prescribed by a physician for the necessary care and
treatment for mental illness, alcoholism, or drug addiction
furnished to a covered person while not confined as a
hospital inpatient; and

(c) reasonable charges made by ~~on a~~ a mental illness
HEALTH, alcoholism, or drug addiction treatment center for
the necessary care and treatment of a covered person
provided in the treatment center.

(3) "Alcoholism treatment center" and "drug addiction
treatment center" mean a treatment facility which provides a
program for the treatment of alcoholism or drug addiction

1 pursuant to a written treatment plan approved and monitored
2 by a physician, and which facility is also:

3 (a) affiliated with a hospital under a contractual
4 agreement with an established system for patient referral;
5 or

6 (b) licensed, certified, or approved as an alcoholism
7 or drug addiction treatment center by the state.

8 (4) "Mental health treatment center" means a treatment
9 facility organized to provide care and treatment for mental
10 illness through multiple modalities or techniques pursuant
11 to a written treatment plan approved and monitored by an
12 interdisciplinary team, including a licensed physician,
13 psychiatric social worker, and psychologist, and which
14 facility is also:

15 (a) licensed as a mental health treatment center by
16 the state;

17 (b) funded or eligible for funding under federal or
18 state law; or

19 (c) affiliated with a hospital under a contractual
20 agreement with an established system for patient referral.

21 (5) "Mental illness" means neurosis, psychoneurosis,
22 psychopathy, psychosis, or personality disorder."

23 Section 3. Section 33-22-703, MCA, is amended to read:

24 "33-22-703. Availability of coverage for mental
25 illness, alcoholism, and drug addiction. Insurers and health

1 service corporations transacting health insurance in this
2 state must make available under hospital and medical
3 expenses incurred insurance policies and under hospital and
4 medical service plan contracts the level of benefits
5 specified in this section for the necessary care and
6 treatment of mental illness, alcoholism, and drug addiction
7 subject to the right of the applicant for a group or
8 individual policy or contract to reject the coverage or to
9 select any alternative level of benefits as may be offered
10 by the insurer or service plan corporation.

11 (1) Under basic hospital expense policies or
12 contracts, inpatient hospital benefits consisting of
13 durational limits, dollar limits, deductibles, and
14 coinsurance factors that are not less favorable than for
15 physical illness generally, except that benefits may be
16 limited to not less than 30 calendar days per year as
17 defined in the policy or contract.

18 (2) Under major medical policies or contracts,
19 inpatient hospital benefits and outpatient benefits
20 consisting of durational limits, dollar limits, deductibles,
21 and coinsurance factors that are not less favorable than for
22 physical illness generally, except that:

23 (a) inpatient hospital benefits may be limited to 30
24 calendar days per year as defined in the policy or contract.
25 If inpatient hospital benefits are provided beyond 30

1 calendar days per year, the durational limits, dollar
2 limits, deductibles, and coinsurance factors applicable
3 thereto need not be the same as applicable to physical
4 illness generally.

5 (b) for outpatient benefits, the coinsurance factor
6 may not exceed 50% or the coinsurance factor applicable for
7 physical illness generally, whichever is greater, and the
8 maximum benefit for ~~mental--illness, alcoholism and--drug~~
9 ~~addiction--in--the--aggregate~~ during any applicable benefit
10 period may be limited to not less than \$1,000 FOR EACH OF
11 THE FOLLOWING:

12 (I) MENTAL ILLNESS;

13 (II) ALCOHOLISM AND DRUG ADDICTION.

14 (c) Maximum lifetime benefits may ~~for mental-illness,~~
15 ~~alcoholism and-drug-addiction-in-the-aggregate,~~ be no less
16 than an amount equal to the lesser of \$10,000 or 25% of the
17 lifetime policy limit FOR EACH OF THE FOLLOWING:

18 (I) MENTAL ILLNESS;

19 (II) ALCOHOLISM AND DRUG ADDICTION."

20 Section 4. Section 33-22-704, MCA, is amended to read:

21 "33-22-704. Applicability. (1) Except as provided in
22 subsection (2) this ~~this~~ part applies to policies or
23 contracts delivered or issued for delivery in this state
24 more than 120 days after July 1, 1979, but does not apply to
25 blanket, short term travel, accident only, limited or

1 specified disease, individual conversion policies or
2 contracts, or to policies or contracts designed for issuance
3 to persons eligible for coverage under Title XVIII of the
4 Social Security Act, known as medicare, or any other similar
5 coverage under state or federal governmental plans.

6 (2) With respect to mental illness, this part applies
7 to policies or contracts delivered or issued for delivery in
8 this state after [120 days after the effective date of this
9 act]."

-End-

SENATE BILL NO. 352

INTRODUCED BY BLAYLOCK, HIMSL, TOWE, TURNAGE, ECK, McCALLUM
BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO INSURE THE
AVAILABILITY OF BASIC LEVELS OF BENEFITS UNDER DISABILITY
INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT
OF MENTAL ILLNESS; AMENDING SECTIONS 33-22-701 THROUGH
33-22-704, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. Purpose. The purpose of this part is to
encourage consumers to avail themselves of basic levels of
benefits under health insurance policies and contracts for
the care and treatment of mental illness, alcoholism, and
drug addiction and to preserve the rights of the consumer to
select such coverage according to his medical and economic
needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part,
the following definitions apply:

(1) "Inpatient hospital benefits" means benefits
payable for charges made by a hospital, as defined in the
policy or contract, for the necessary care and treatment of

mental illness, alcoholism, or drug addiction furnished to a
covered person while confined as a hospital inpatient and,
with respect to major medical policies or contracts, also
includes those benefits payable for charges made by a
physician, as defined in the policy or contract, for the
necessary care and treatment of mental illness, alcoholism,
or drug addiction furnished to a covered person while
confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the
necessary care and treatment of mental illness, alcoholism,
or drug addiction furnished to a covered person while not
confined as a hospital inpatient;

(b) reasonable charges for services rendered or
prescribed by a physician for the necessary care and
treatment for mental illness, alcoholism, or drug addiction
furnished to a covered person while not confined as a
hospital inpatient; and

(c) reasonable charges made by an a mental illness
HEALTH, alcoholism, or drug addiction treatment center for
the necessary care and treatment of a covered person
provided in the treatment center.

(3) "Alcoholism treatment center" and "drug addiction
treatment center" mean a treatment facility which provides a
program for the treatment of alcoholism or drug addiction

pursuant to a written treatment plan approved and monitored by a physician, and which facility is also:

(a) affiliated with a hospital under a contractual agreement with an established system for patient referral; or

(b) licensed, certified, or approved as an alcoholism or drug addiction treatment center by the state.

(4) "Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through multiple modalities or techniques pursuant to a written treatment plan approved and monitored by an interdisciplinary team, including a licensed physician, psychiatric social worker, and psychologist, and which facility is also:

(a) licensed as a mental health treatment center by the state;

(b) funded or eligible for funding under federal or state law; or

(c) affiliated with a hospital under a contractual agreement with an established system for patient referral.

(5) "Mental illness" means neurosis, psychoneurosis, psychopathy, psychosis, or personality disorder."

Section 3. Section 33-22-703, MCA, is amended to read:

"33-22-703. Availability of coverage for mental illness, alcoholism, and drug addiction. Insurers and health

service corporations transacting health insurance in this state must make available under hospital and medical expenses incurred insurance policies and under hospital and medical service plan contracts the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant for a group or individual policy or contract to reject the coverage or to select any alternative level of benefits as may be offered by the insurer or service plan corporation.

(1) Under basic hospital expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract.

(2) Under major medical policies or contracts, inpatient hospital benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient hospital benefits may be limited to 30 calendar days per year as defined in the policy or contract. If inpatient hospital benefits are provided beyond 30

1 calendar days per year, the durational limits, dollar
2 limits, deductibles, and coinsurance factors applicable
3 thereto need not be the same as applicable to physical
4 illness generally.

5 (b) for outpatient benefits, the coinsurance factor
6 may not exceed 50% or the coinsurance factor applicable for
7 physical illness generally, whichever is greater, and the
8 maximum benefit for ~~mental-illness, alcoholism, and drug~~
9 ~~addiction--in--the--aggregate~~ FOR MENTAL ILLNESS, ALCOHOLISM,
10 AND DRUG ADDICTION IN THE AGGREGATE during any applicable
11 benefit period may be limited to not less than \$1,000 FOR
12 EACH-OF-THE-FOLLOWING:

13 (i)--MENTAL-ILLNESS;

14 (ii)--ALCOHOLISM-AND-DRUG-ADDICTION.

15 (c) Maximum lifetime benefits may, for ~~mental-illness,~~
16 ~~alcoholism, and drug-addiction-in-the-aggregate,~~ FOR MENTAL
17 ILLNESS, ALCOHOLISM, AND DRUG ADDICTION IN THE AGGREGATE, be
18 no less than an amount equal to the lesser of \$10,000 or 25%
19 of the lifetime policy limit FOR-EACH-OF-THE-FOLLOWING:

20 (i)--MENTAL-ILLNESS;

21 (ii)--ALCOHOLISM-AND-DRUG-ADDICTION."

22 Section 4. Section 33-22-704, MCA, is amended to read:

23 "33-22-704. Applicability. (1) Except as provided in
24 subsection (2) this ~~this~~ part applies to policies or
25 contracts delivered or issued for delivery in this state

1 more than 120 days after July 1, 1979, but does not apply to
2 blanket, short term travel, accident only, limited or
3 specified disease, individual conversion policies or
4 contracts, or to policies or contracts designed for issuance
5 to persons eligible for coverage under Title XVIII of the
6 Social Security Act, known as medicare, or any other similar
7 coverage under state or federal governmental plans.

8 (2) With respect to mental illness, this part applies
9 to policies or contracts delivered or issued for delivery in
10 this state after [120 days after the effective date of this
11 act]."

-End-